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Fiduciary - Conflict of Interest Exemptions

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Best Interest Contract Exemptions

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Submitter Information

Name: John Doe

General Comment

I own a self-direct IRA set up as a brokerage account that allows me to buy and sell call/put options. I do not seek investment advice from the account trustee which is a national leader in the field. I make my own investment decisions. Please clarify for that the proposed definition of "Assets" that categorically excludes "...any equity security that is a security future or a put, call, straddle, or other option..." will not force the account trustee to prohibit me from all call/put transactions following issuance of the final rule. Will it or won't it??

I whole-heartedly object to any rule that takes away my ability to trade options in my self-directed IRA as it would decrease my earnings, increase my expenses, and greatly increase my risk of substantial loss in a market decline. By selling covered calls on dividend paying stocks I own, I am able to increase a typical 2 to 3% return from dividends only up to 8 to 10% when the covered call proceeds are added in. By selling covered puts on high quality dividend paying stocks, I am able to increase my holdings by using the puts to acquire the stocks at a 5 to 10% discount. By purchasing protective puts on exchange based ETFs or funds, I can protect my entire account value with one purchase; otherwise, I would have to liquidate my entire account in a market decline escalating transactions fees and while losing out on all the dividends in the process.

Buying and selling call/put options is not risky when done properly and should be a tool available to all

IRA owners. I am
unable to discern from your proposed rule if the Labor Department intends to categorically exclude
options from IRAs. If
so, I object and suggest that options be included in the definition of "Asset". If this only pertains to
trustees that are
categorized as "fiduciaries", then you need to specifically clarify someplace in the rule that
self-directed IRAs can retain
all brokerage tools and investments options available to non-IRA brokerage accounts.